

# Annual Financial Statements

for

## NTAMBANANA MUNICIPALITY

for the period ended 30 June:

2013

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:	
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**NTAMBANANA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the financial year ended 30 June 2013

**General information**

**Members of the Council**

GK Khumalo	<b>Mayor</b>
WK Vilakazi	<b>Speaker</b>
MJ Xulu	Deputy Mayor
EM Chonco	Member
CL Xulu	Member
SZ Xulu	Member
TF Zincume	Member
DP Simelane	Member
SB Sibiya	Member
MM Cebekhulu	Member
KD Sibiya	Member
LC Mfeka	Member
GF Biyela	Member
HF Mthiyane	Member
B Mabaso	Member
HC De Villiers	

**Municipal Manager (Acting)**

NV Nsele

**Chief Financial Officer**

TRN Myeza

**Grading of Local Authority**

Grade 1

**Auditors**

Auditor-General

**Bankers**

ABSA

**NTAMBANANA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the financial year ended 30 June 2013

**General information (continued)**

**Registered Office:** Ntambanana Municipality offices

**Physical address:**  
  
Buchanana Reserve  
Next to Buchanana Police Station  
Ntambanana  
Empangeni  
3880

**Postal address:**  
  
**Private bag x 20066**  
Empangeni  
  
3880

**Telephone number:** 035 793 7091/2/3

**Fax number:** 035 793 7094

**E-mail address:** [myezat@ntambanana.org.za](mailto:myezat@ntambanana.org.za)

**NTAMBANANA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the financial year ended 30 June 2013

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 37, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 16 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

DATE: 30 August 2013

**NTAMBANANA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

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**Ntambanana Local Municipality**  
**Annual Financial Statement**  
**Statement of Financial Position as at 30 June 2013**

	Notes	June 2013	June 2012
		R	R
<b>ASSETS</b>			
<b>Current assets</b>		<b>23 311 561</b>	<b>19 466 941</b>
Cash and cash equivalents	1	20 630 031	17 397 841
Trade and other receivables	2	920 601	485 783
Other receivables	3	844 631	120 175
VAT receivable	7	916 298	1 463 142
		-	-
<b>Non-current assets</b>		<b>49 448 208</b>	<b>37 660 001</b>
Property, plant and equipment	4	49 337 838	37 618 661
Intangible Assets	5	110 371	41 340
<b>Total assets</b>		<b>72 759 769</b>	<b>57 126 942</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>15 559 784</b>	<b>14 049 783</b>
Trade and other payables	6	1 744 791	496 699
Current portion of unspent conditional grants and receipts	9	13 249 601	13 065 727
Provisions	8	565 392	487 356
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>15 559 784</b>	<b>14 049 783</b>
<b>Net assets</b>		<b>57 199 985</b>	<b>43 077 159</b>
<b>NET ASSETS</b>		<b>57 199 985</b>	<b>43 077 159</b>
Accumulated surplus / (deficit)		57 199 985	43 077 159
<b>Total net assets</b>		<b>57 199 985</b>	<b>43 077 159</b>
		-	-

**Ntambanana Local Municipality**  
**Annual Financial Statements**  
**Statement of Financial Performance as at 30 June 2013**

	Notes	June 2013	June 2012
		R	R
<b>Revenue</b>			
Property rates	10	1 248 343	1 201 839
Rental of facilities and equipment	11	22 767	32 658
Interest earned - external investments	12	1 172 692	712 554
Interest earned - outstanding receivables	13	59 460	74 734
Government grants and subsidies	14	65 044 758	44 509 182
Other income	12	258 895	1 001 209
Provision for Bad Debts Adjustment	2	241 284	-
<b>Total revenue</b>		<b>68 048 199</b>	<b>47 532 176</b>
<b>Expenses</b>			
Employee related costs	16	10 231 417	8 153 635
Remuneration of councillors	17	2 911 796	2 871 018
Depreciation and amortisation expense	18	2 280 522	1 260 260
Repairs and maintenance	19	1 653 378	276 695
Contracted services	20	2 389 949	807 200
Grants expenditure	21	-	-
Community Projects	22	20 873 857	11 386 000
General expenses	23	13 238 109	11 090 341
Contribution to provision		323 926	1 145 297
<b>Total expenses</b>		<b>53 902 954</b>	<b>36 990 446</b>
Gain / (loss) on sale of assets (Impairment loss) / Reversal	24	(22 419)	2 661 060
<b>Surplus / (deficit) for the period</b>		<b>14 122 826</b>	<b>13 202 789</b>

Ntambanana Local Municipality  
Annual Financial Statements  
Statement of Changes in Net Assets as at 30 June 2013

	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets
	No.	R	R	R	R	R
<b>Balance as at 30 June 2011</b>		-	-	-	<b>24 303 703</b>	<b>24 303 703</b>
Prior Year Errors	26	-	-	-	1 826 933	1 826 933
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	3 743 734	3 743 734
Surplus / (deficit) for the period		-	-	-	13 202 789	13 202 789
<b>Balance at 30 June 2012</b>		-	-	-	<b>43 077 159</b>	<b>43 077 159</b>
Prior Year Errors		-	-	-	-	-
Surplus / (deficit) on revaluation of property of property, plant and equipment		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	14 122 826	14 122 826
<b>Balance at 30 June 2013</b>		-	-	-	<b>57 199 985</b>	<b>57 199 985</b>



**Ntambanana Municipality**  
**Annual Financial Statements**  
**Cash Flow Statement for the Period ended 30 June 2013**

		June 2013	June 2012
		R	R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Cash Receipts from ratepayers, government and others		65 233 528	59 095 900
Cash paid to suppliers and employees		(49 142 344)	(40 676 731)
<b>Cash Generated From Activities</b>	<b>18</b>	<b>16 091 184</b>	<b>18 419 169</b>
Finance Income		1 232 153	712 554.00
Finance Costs		-	-
<b>Net cash flows from operating activities</b>		<b>17 323 337</b>	<b>19 131 723</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)	<b>4</b>	(13 986 508)	(14 067 113)
Proceeds from sale of fixed assets		-	6 047 902
Proceeds from sale of investments		-	-
Purchase of intangibles	<b>5</b>	(104 639)	(41 340)
<b>Net cash flows from investing activities</b>		<b>(14 091 146)</b>	<b>(8 060 551)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net increase / (decrease) in net cash and cash equivalents		3 232 190	11 071 172
Net cash and cash equivalents at beginning of period		17 397 841	6 326 669
<b>Net cash and cash equivalents at end of period</b>		<b>20 630 031</b>	<b>17 397 841</b>

Ntambanana Municipality									
Statement of Comparison of Budget and Actual Information									
as at 30 June 2013									
									Reasons to Variances
	Original Budget	Budget Adjustment	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
Budget on Accrual Basis									
Financial Performance	R	R	R	R	R	%	%	R	
Property rates	2 734 823	(1 056 045)	1 678 778	1 248 343	(430 435)	74%	46%	1 201 839	Budget understated by the rebates amount.
Service charges	-		-	-	-	0%	0%	-	
Investment revenue	180 000	550 000	730 000	1 172 692	442 692	161%	651%	712 554	Improved Investment strategies utilised on available funds.
Transfers recognised - operational	51 168 000	1 969 000	53 137 000	65 044 758	11 907 758	122%	127%	34 414 328	Improved utilisation strategies on grant funded items
Other own revenue	154 000	(1 000)	153 000	582 406	429 406	381%	378%	1 108 601	Tender monies, Donantions received and LG Seta refunds.
Profit on Sale of Fixed Assets	-	-	-	-	-	0%	0%	2 661 060	
Total Revenue (excluding capital transfers and contributions)	54 236 823	1 461 955	55 698 778	68 048 199	12 349 421	122%	125%	40 098 382	
Employee costs	9 113 000	544 000	9 657 000	10 231 417	574 417	106%	112%	8 153 635	
Remuneration of councillors	2 937 000	58 000	2 995 000	2 911 796	(83 204)	97%	99%	2 871 018	
Depreciation & asset impairment	1 008 831	-	1 008 831	2 280 522	1 271 691	226%	226%	1 260 260	More assets were fully depreciated in the financial year.
Other expenditure	37 343 000	3 878 000	41 221 000	38 501 638	(2 719 362)	93%	103%	13 319 533	
Total Expenditure	50 401 831	4 480 000	54 881 831	53 925 373	(956 458)	98%	107%	25 604 446	
Surplus/(Deficit)	3 834 992	(3 018 045)	816 947	14 122 826	13 305 879	1729%	368%	14 493 935	
Transfers recognised - capital	12 364 000	-	12 364 000	13 216 386	852 386	107%	107%	10 094 854	Retention monies accounted for in the final budget.
Contributions recognised - capital & contributed assets	4 270 000	850 000	5 120 000	-	(5 120 000)	0%	0%	-	
Surplus/(Deficit) after capital transfers & contributions	20 468 992	(2 168 045)	18 300 947	27 339 212	9 038 265	149%	134%	24 588 789	
Share of surplus/ (deficit) of associate	-		-	-	-	0%	0%	-	
Surplus/(Deficit) for the year	20 468 992	(2 168 045)	18 300 947	27 339 212	9 038 265	149%	134%	24 588 789	
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	11 196 000	850 000	12 046 000	11 782 340	(263 660)	98%	105%	11 393 350	
Internally generated funds	7 352 000	-	7 352 000	2 308 806	(5 043 194)	31%	31%	4 404 797	Priority plan revised by council.
Total sources of capital funds	18 548 000	850 000	19 398 000	14 091 146	(5 043 194)	73%	76%	15 798 147	
Cash flows									
Cash/cash equivalents at the year beginning	17 397 841	-	17 397 841	17 397 841	-	100%	100%	6 326 669	
Net cash from (used) operating	16 423 000	(3 018 045)	13 404 955	17 323 337	3 918 382	129%	105%	19 131 723	
Net cash from (used) investing	-13 492 000	(850 000)	(14 342 000)	(14 091 146)	250 854	98%	104%	(8 060 551)	
Net cash from (used) financing	-	-	-	-	-	0%	0%	-	
Cash/cash equivalents at the year end	20 328 841	(3 868 045)	16 460 796	20 630 031	4 169 235	125%	101%	17 397 841	

**NTAMBANANA MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For the period Ended 30 June 2013**

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

#### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.4 COMPARABLE INFORMATION**

**Budget information** in accordance with GRAP 1 and 24, has been provided in as an additional statements to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting

GRAP 105 - Transfer of functions between entities under common

GRAP 106 - Transfer of functions between entities not under common

GRAP 107 - Mergers

GRAP 20 - Related party disclosures

#### **1.6 VALUE ADDED TAX (VAT)**

The Municipality accounts for VAT on accrual basis, based on special exemption received from Commissioner of Revenue in that the payment related to VAT on sales is being made after receipt of revenue

#### **2 EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date of when the financial statements are authorised for issue.

(a) those that provide evidence of conditions that existed at reporting date (adjusting events after the reporting date); and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Reporting date means the date of the last day of the reporting period to which the financial statements relate.

#### **3 RELATED PARTIES**

Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by South African Government.

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national spheres of Government are considered to be related parties.

Key management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with entity.

Only transactions with related parties not arms length or not in the ordinary course of business are disclosed

#### **4 COMMITMENTS**

Commitments are future capital expenditure that the Municipality has committed to. Commitments are disclosed on Annual Financial Statements.

## **5 RISK MANAGEMENT**

Municipality's activities expose it to a variety of financial risks ( credit risk, Liquidity risk and Interest rate risk). Municipality has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to Monitor and control these risks. Internal audit function reports quarterly to Audit and Risk Management Committee, an independent body that monitor risks and policies implemented to mitigate risks exposures. The risk management process relating to each of these risks is discussed under the headings below.

### **5.1 INTEREST RATE RISK**

Municipality has no significant interest- bearing assets, income and operating cash flow are substantially independent of changes in market interest rates.

### **5.2 CREDIT RISK**

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any counter- party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk related to customers on an ongoing basis

### **5.3 LIQUIDITY RISK**

Municipality manages liquidity risk through proper management of expenditure and proper budgeting and cash management procedures.

## **6 PROPERTY, PLANT AND EQUIPMENT**

### **6.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **6.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revalutaion less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of anv credit balance existing in the revaluation surplus in respect of that asset.

### 6.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 6.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

#### *Infrastructure Assets*

Roads and Paving  
Stormwater Drainage

30 years  
20 years

#### *Community Assets*

Buildings  
Recreational Facility  
Security  
Community Halls  
Libraries  
Parks and gardens

30 years  
20-30 years  
5 years  
30 years  
30 years  
10 years

#### *Other Assets*

Buildings  
Specialist vehicles  
Other vehicles  
Office equipment  
Furniture and fittings  
Bins and containers  
Specialised plant and equipment  
Landfill sites  
Computer equipment

30 years  
10 years  
5 years  
3-7 years  
7-10 years  
5 years  
10-15 years  
15 years  
3 years

#### *Finance Lease Assets*

Office equipment

4 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

### 6.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 7 INTANGIBLE ASSETS

### 7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

## **7.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

## **7.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

## **7.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

# **8 INVESTMENT PROPERTY**

## **8.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

## **8.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

# **9 FINANCIAL INSTRUMENTS**

## **9.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

## **9.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

### **9.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### 9.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by categorising the outstanding into three: Category A are government properties and those who owe less than 30 days. No provision is made for them. Category B are those who are irregular payers, and the debts are more than 30 days. The provision is made at 25%. Category C are bad payers and the provision is at 50%.

### 9.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### 9.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## 10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.



Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## **14 LEASES**

### **14.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### **14.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **15 REVENUE**

### **15.1 REVENUE FROM EXCHANGE TRANSACTIONS RECOGNITION**

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- b) The amount of revenue can be measured reliably
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **MEASUREMENT**

Revenue from exchange transactions is measured at fair value of the consideration received or receivable taking into account the amount of any trade discounts allowed by the municipality

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

### **15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### **15.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **16 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **17 EMPLOYEE BENEFITS**

### **17.1 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

### **17.2 SHORT-TERM EMPLOYEE BENEFITS**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## **18 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## **19 COMPARATIVE FIGURES**

Where materially necessary, comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

**NTAMBANANA MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
as at 30 June 2013

**1 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	June 2013 R	June 2012 R
Cash at bank	20 630 031	17 397 841
	<u>20 630 031</u>	<u>17 397 841</u>

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4054154293

Cash book balance at beginning of year	660 463	2 766 234
Cash book balance at end of year	<u>6 910 330</u>	<u>660 463</u>
Bank statement balance at beginning of year	660 463	2 766 234
Bank statement balance at end of year	<u>6 927 199</u>	<u>660 463</u>

**Current Account(Call account)**

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9116410562

Cash book balance at beginning of year	2 457 829	3 162 871
Cash book balance at end of year	<u>5 626 355</u>	<u>2 457 829</u>
Bank statement balance at beginning of year	2 457 829	3 162 871
Bank statement balance at end of year	<u>5 626 355</u>	<u>2 457 829</u>

**Current Account(NEP account)**

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9228120980

Cash book balance at beginning of year	6 912 957	8 967
Cash book balance at end of year	<u>6 974 859</u>	<u>6 912 957</u>
Bank statement balance at beginning of year	6 912 957	8 967
Bank statement balance at end of year	<u>6 974 859</u>	<u>6 912 957</u>

**Current Account(Housing fund account)**

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9234461881

Cash book balance at beginning of year	330 956	317 966
Cash book balance at end of year	<u>40 569</u>	<u>330 956</u>
Bank statement balance at beginning of year	330 956	317 966
Bank statement balance at end of year	<u>40 569</u>	<u>330 956</u>

**Current Account(Special Disaster account)**

ABSABank Limited - Durban La Lucia Branch: Account Number 4072416887

Cash book balance at beginning of year	5 358	6 158
Cash book balance at end of year	-	5 358
Bank statement balance at beginning of year	5 358	6 158
Bank statement balance at end of year	-	5 358

**Current Account(Housing Project fund)**

ABSABank Limited - Durban La Lucia Branch: Account Number 4058836768

Cash book balance at beginning of year	63 755	64 471
Cash book balance at end of year	63 006	63 755
Bank statement balance at beginning of year	63 755	64 471
Bank statement balance at end of year	63 006	63 755

**Current Account(Investment account)**

ABSABank Limited - Durban La Lucia Branch: Account Number 2072141729

Cash book balance at beginning of year	6 270 000	6 270 000
Cash book balance at end of year	-	6 270 000
Bank statement balance at beginning of year	6 270 000	6 270 000
Bank statement balance at end of year	-	6 270 000

**Current Account(MIG)**

ABSABank Limited - Durban La Lucia Branch: Account Number 9272964122

Cash book balance at beginning of year	696 523	-
Cash book balance at end of year	1 014 911	696 523
Bank statement balance at beginning of year	696 523	-
Bank statement balance at end of year	1 014 911	696 523

Cash on Hand	-
<b>Total cash and cash equivalents</b>	<b>20 630 031 17 397 841</b>
Total bank overdraft	- -

**2 TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS****Trade receivables**

as at 30 June 2013

Service debtors

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Rates	1 337 257.35	(416 657)	920 601
Refuse	-	-	-
<b>Total</b>	<b>1 337 257</b>	<b>(416 657)</b>	<b>920 601</b>

## 2 TRADE AND OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (CONTINUED)

<b>Rates: Ageing</b>	<b>2013</b>	<b>2012</b>
Current (0 – 30 days)	368 561	87 815
31 - 60 Days	5 181	102 847
61 - 90 Days	5 194	1 264 458
91 - 120 Days	958 322	-
	<b>1 337 257</b>	<b>1 455 120</b>

as at 30 June 2012

Service debtors

Rates	1 143 724	(657 941)	485 783
Refuse	-	-	-
<b>Total</b>	<b>1 143 724</b>	<b>(657 941)</b>	<b>485 783</b>

<u>Other receivables</u>	-	-	-
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<u>Other receivables</u>	-	-	-
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<b>Total Trade and other receivables</b>	<b>1 143 724</b>	<b>(657 941)</b>	<b>485 783</b>
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## 3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	<b>June 2013</b>	<b>June 2012</b>
Accrued interest	-	120 175
MIG Grants	754 240	-
FMG Grants	32 533	-
MSIG Grants	44 606	-
Sports Grant	0	-
Library Grant	13 252	-
<b>Total Other Debtors</b>	<b>844 631</b>	<b>120 175</b>

**NTAMBANANA MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the period ended 30 June 2013

**4 PROPERTY PLANT AND EQUIPMENT**

**4.1 Reconciliation of Carrying Value**

	Land and Buildings	Vehicles	Furniture & Equipments	Community	Other Assets	Total
	R	R	R	R	R	R
<b>as at 01 July 2012</b>	<b>2 195 234</b>	<b>2 610 599</b>	<b>1 897 197</b>	<b>30 915 633</b>	<b>-</b>	<b>37 618 663</b>
Cost/Revaluation	3 056 707	2 703 825	4 091 313	32 186 481	-	42 038 328
Accumulated depreciation and impairment losses	(861 473)	(93 227)	(2 194 117)	(1 270 849)	-	(4 419 665)
Acquisitions	183 825	1 226 537	793 806	-	-	2 204 168
Capital under Construction				11 782 340	-	11 782 340
Depreciation	(88 282)	(730 260)	(651 871)	(774 501)	-	(2 244 914)
Disposals	-	-	-	-	-	-
Assets Impairments/ Write-off	-	-	(22 419)	-	-	(22 419)
Cost/Revaluation	-	-	(143 310)	-	-	(143 310)
Accumulated depreciation and impairment losses	-	-	120 891	-	-	120 891
<b>as at 30 June 2013</b>	<b>2 290 777</b>	<b>3 106 876</b>	<b>2 016 713</b>	<b>41 923 472</b>	<b>-</b>	<b>49 337 838</b>
Cost/Revaluation	3 240 532	3 930 362	4 741 809	43 968 822	-	55 881 525
Accumulated depreciation and impairment losses	(949 755)	(823 486)	(2 725 096)	(2 045 350)	-	(6 543 687)

**4.2 Reconciliation of the Opening Balances**

**4.2.1 Cost/ Revalued Amounts**

	Land and Buildings	Vehicles	Furniture & Equipments	Community	Other Assets	Total
<b>Closing Balances as at 30 June 2013</b>	<b>3 056 707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38 981 620</b>	<b>42 038 327</b>
Reclassification: Other Assets	-	2 703 826	4 091 312	32 186 482	(38 981 620)	-
<b>Opening Balances as at 01 July 2013</b>	<b>3 056 707</b>	<b>2 703 826</b>	<b>4 091 312</b>	<b>32 186 482</b>	<b>-</b>	<b>42 038 327</b>

**4.2.2 Accumulated Depreciation**

	Land and Buildings	Vehicles	Furniture & Equipments	Community	Other Assets	Total
<b>Closing Balances as at 30 June 2013</b>	<b>(861 473)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 558 192)</b>	<b>(4 419 665)</b>
Reclassification: Other Assets	-	(93 227)	(2 194 117)	(1 270 849)	3 558 192	-
<b>Opening Balances as at 01 July 2013</b>	<b>(861 473)</b>	<b>(93 227)</b>	<b>(2 194 117)</b>	<b>(1 270 849)</b>	<b>-</b>	<b>(4 419 665)</b>

**4.2.3 Carrying Value as at 01 July 2013**

	Land and Buildings	Vehicles	Furniture & Equipments	Community	Other Assets	Total
<b>Carrying Value as at 01 July 2013</b>	<b>2 195 234</b>	<b>2 610 599</b>	<b>1 897 196</b>	<b>30 915 633</b>	<b>-</b>	<b>37 618 662</b>

**NTAMBANANA MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the ended 30 June 2013

**5 INTANGIBLE ASSETS**

	Computer Software R	Other* R	Total R
<b>Reconciliation of carrying value as at 01 July 2012</b>	41 340	-	41 340
Cost at the beginning	41 340	-	41 340
Correction of error			-
Change in accounting policy			-
Accumulated amortisation and impairment losses	-	-	-
 Acquisitions	104 639	-	104 639
Amortisation	(35 608)	-	(35 608)
 Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
 Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
 <b>as at 30 June 2013</b>	<b>110 371</b>	<b>-</b>	<b>110 371</b>
Cost at the end	145 979	-	145 979
Accumulated amortisation and impairment losses	(35 608)	-	(35 608)



**NTAMBANANA MUNICIPALITY**  
**Notes to the Annual Financial Statements**  
**for the period ended 30 June 2013**

	June	
	2013 R	2012 R
<b>6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	432 385	136 932
Performance Bonus Accruals	245 891	-
Consumer Deposits - Hall Hire	1 000	-
Retention Monies	806 900	-
Payments received in advance	258 615	359 767
<b>Total creditors</b>	<b>1 744 791</b>	<b>496 699</b>
<b>7 VAT RECEIVABLES</b>		
Vat Receivable	916 298	1 463 142
<b>Total vat receivable</b>	<b>916 298</b>	<b>1 463 142</b>
<b>8 PROVISIONS</b>		
Performance bonus	202 603	250 575
Provision for leave	362 789	236 782
Other provisions	-	-
<b>Total Provisions</b>	<b>565 392</b>	<b>487 356</b>
<b>9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>9.1 Unspent Conditional Grants from other spheres of Government</b>		
MIG Grants	-	98 146
FMG Grants	-	-
NEP Grants	3 363 950	6 912 257
MSIG Grants	-	-
Housing grants	87 928	87 928
Corridor Grants	1 875 781	-
Waste Management Grant	7 855 445	5 229 386
Sports Grant	-	28 069
Library Grant	-	87 713
Support for Thusong centres	-	117 013
MPCC'S	-	434 668
Community library services grant	59 633	70 547
Expanded Public Works Programmes	6 863	-
<b>Total Unspent Conditional Grants and Receipts</b>	<b>13 249 601</b>	<b>13 065 727</b>
<b>Non-current unspent conditional grants and receipts</b>	<b>-</b>	<b>-</b>
<b>10 PROPERTY RATES</b>		
<b>10.1 Actual</b>		
Residential	2 734 823	2 710 971
Less: income forgone	-	-
Rebates	(938)	(2 798)
Remission	(1 485 542)	(1 506 334)
<b>Total property rates</b>	<b>1 248 343</b>	<b>1 201 839</b>
Property rates - penalties imposed and collection charges	-	-
<b>Total</b>	<b>1 248 343</b>	<b>1 201 839</b>
<b>10.2 Valuations</b>		
Commercial	6 613 600	6 613 600
Residential	26 901 000	26 901 000
Agriculture	144 461 000	144 461 000
Government/State	121 754 000	121 754 000
Municipal (Ingonyama Trust land)	97 327 000	97 327 000
<b>Total Property Valuations</b>	<b>397 056 600</b>	<b>397 056 600</b>

## 11 RENTAL OF FACILITIES AND EQUIPMENT

Rent- internal	22 767	22 658
Heatonberry farm rental	-	10 000
<b>Total rentals</b>	<b>22 767</b>	<b>32 658</b>

## 12 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	1 172 692	712 554
<b>Total interest</b>	<b>1 172 692</b>	<b>712 554</b>

## 13 INTEREST EARNED - OUTSTANDING RECEIVABLES

Rates -debtors	59 460	74 734
<b>Total interest</b>	<b>59 460</b>	<b>74 734</b>

## 14 GOVERNMENT GRANTS AND SUBSIDIES (conditions met)

Equitable share	19 194 000	14 687 000
MIG Grant	13 216 386	10 094 854
NEP Grant	23 548 307	12 980 040
MSIG Grant	844 606	790 000
MAP Projects	-	-
FMG Grant	1 532 533	1 450 000
National Lottery Grant	-	-
Refuse removal Grant	3 414 941	3 609 956
Support for Thusong services	117 013	382 987
MPCC's	434 668	232 332
Library	345 965	145 627
Infrastructure Sports facility	178 069	121 931
Community library service	100 914	14 454
Corridor Development	1 124 219	-
Expanded Public Works Programme Grant	993 137	-
<b>Total Government Grant and Subsidies</b>	<b>65 044 758</b>	<b>44 509 181</b>

### 14.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.

19 194 000	14 687 000
------------	------------

### 14.2 MIG Grant

<b>Balance unspent at beginning of year</b>	98 146	-
Current year receipts	12 364 000	10 193 000
Conditions met - transferred to revenue	(13 216 386)	(10 094 854)
<b>Conditions still to be met - remain liabilities</b>	<b>(754 240)</b>	<b>98 146</b>

### 14.3 MSIG Grant

<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(844 606)	(790 000)
<b>Conditions still to be met - remain liabilities</b>	<b>(44 606)</b>	<b>-</b>

### 14.4 NEP Grant

<b>Balance unspent at beginning of year</b>	<b>6 912 257</b>	<b>3 892 297</b>
Current year receipts	20 000 000	16 000 000
Conditions met - transferred to revenue	(23 548 307)	(12 980 040)
correction of prio period error ( note 26)	-	-
<b>Conditions still to be met - remain liabilities</b>	<b>3 363 950</b>	<b>6 912 257</b>

### 14.5 Housing Grant

<b>Balance unspent at beginning of year</b>	87 928	87 928
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities</b>	<b>87 928</b>	<b>87 928</b>

#### 14.6 LED Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	-	-

#### 14.7 National lottery Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	-	-

#### 14.8 Sport facility Grant

Balance unspent at beginning of year	28 069	-
Current year receipts	150 000	150 000
Conditions met - transferred to revenue	(178 069)	(121 931)
Conditions still to be met - remain liabilities	(0)	28 069

#### 14.9 Corridor Development Grant

Balance unspent at beginning of year	-	-
Current year receipts	3 000 000	-
Conditions met - transferred to revenue	(1 124 219)	-
Conditions still to be met - remain liabilities	1 875 781	-

#### 14.10 EPWP

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	-
Conditions met - transferred to revenue	(993 137)	-
Conditions still to be met - remain liabilities	6 863	-

#### 14.11 MAP Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	-	-

#### 14.12 IDP Grant

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities	-	-

#### 14.13 MFMA Grant

Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 532 533)	(1 450 000)
Conditions still to be met - remain liabilities	(32 533)	-

#### 14.14 Waste management Grant

Balance unspent at beginning of year	5 229 387	3 387 343
Current year receipts	6 041 000	5 452 000
Conditions met - transferred to revenue	(3 414 941)	(3 609 956)
Conditions still to be met - remain liabilities	7 855 445	5 229 387

#### 14.15 Support for Thusong services

Balance unspent at beginning of year	117 013	-
Current year receipts	-	500 000
Conditions met - transferred to revenue	(117 013)	(382 987)
Conditions still to be met - remain liabilities	-	117 013

#### 14.16 Provincial security Grant (MPCC's)

Balance unspent at beginning of year	434 668	-
Current year receipts	-	667 000
Conditions met - transferred to revenue	(434 668)	(232 332)
Conditions still to be met - remain liabilities	-	434 668

#### 14.17 Library Grant

Balance unspent at beginning of year	87 713	233 340
Current year receipts	245 000	-
Conditions met - transferred to revenue	(345 965)	(145 627)
Conditions still to be met - remain liabilities	(13 252)	87 713

#### 14.18 Community Library service Grant

Balance unspent at beginning of year	70 547	-
Current year receipts	90 000	85 000
Conditions met - transferred to revenue	(100 914)	(14 453)
Conditions still to be met - remain liabilities	59 633	70 547

#### 15 OTHER INCOMES

Tender Monies	54 406	31 043
Hall hire	9 746	4 824
Sundry income	103 518	62 540
LG SETA Refund	58 820	65 186
Reversal of provisions	-	345 698
Provisions utilised	-	491 918
Donations Received	32 405	-
Profit on sale of assets	-	-
Total Other Income	258 895	1 001 209

#### 16 EMPLOYEE RELATED COSTS

Bonus	443 002	436 439
Employee related costs - Salaries and Wages	6 481 124	5 350 850
Wages - EPWP	572 832	-
Salaries FMG	346 881	336 312
Employee related costs - Contributions for UIF, pensions and medical aids	1 063 757	867 100
Travel, motor car, accommodation, subsistence and other allowances	1 061 771	949 315
Housing benefits and allowances	45 042	37 062
Overtime payments	131 477	144 424
Other employee related costs	85 531	32 134
Employee Related Costs	10 231 417	8 153 635

#### Remuneration of the Municipal Manager

Annual Remuneration	308 419	588 981
Performance- bonuses	64 788	53 178
Travel, motor car, accommodation, subsistence and other allowances	-	176 959
Back pay	-	-
Contribution to UIF	797	1 497
	374 003	820 616

Mr Mnguni resigned as the municipal manager with effect from 31 December 2012

#### Remuneration of the Chief Finance Officer

Annual Remuneration	567 278	541 873
Acting Allowance	26 516	-
Performance- bonuses	59 606	48 925
Travel, motor car, accommodation, subsistence and other allowances	162 802	162 802
Back pay	-	-
Contribution to UIF	1 689	1 497
	817 891	755 098

#### Remuneration of the Director Corporate and Community services

Annual Remuneration	567 278	541 873
Performance- bonuses	36 576	48 925
Travel, motor car, accommodation, subsistence and other allowances	162 802	162 802
Leave pay	-	-
Back pay	-	-
Contributions to UIF	1 689	1 497
	768 345	755 098

Remuneration of Individual Executive Directors	Executive services R	Corporate Services R	Financial Services R
<b>2013</b>			
Annual Remuneration	308 419	567 278	567 278
Acting Allowance	-	-	26 516
Performance- and other bonuses	64 788	36 576	59 606
Travel, motor car, accommodation, subsistence and other allowances		162 802	162 802
Contributions to UIF, Medical and Pension Funds	797	1 689	1 689
<b>Total</b>	<b>374 003</b>	<b>768 345</b>	<b>817 891</b>

<b>2012</b>			
Annual Remuneration	588 981	541 873	541 873
Performance- and other bonuses	53 178	48 925	48 925
Travel, motor car, accommodation, subsistence and other allowances	176 959	162 802	162 802
Contributions to UIF, Medical and Pension Funds	1 497	1 689	-
<b>Total</b>	<b>820 615</b>	<b>755 289</b>	<b>753 600</b>

#### 17 REMUNERATION OF COUNCILLORS

Mayor	204 459	195 916
Cell allowance	198 336	181 977
Mobile Data Card Allowance	57 221	-
Contributions to Pension	-	136 980
Councillors	1 841 541	1 737 174
Travel allowance	610 240	618 971
<b>Total Councillors' Remuneration</b>	<b>2 911 796</b>	<b>2 871 018</b>

#### In-kind Benefits

The Mayor is provided with an office and secretarial support at the cost of the Council. The Mayor has a full time driver provided by a council.

#### 18 DEPRECIATION AND AMORTISATION EXPENSE

Buildings	88 282	445 363
Furniture and Fittings	433 728	190 834
Equipment	218 142	191 979
Community Facilities	487 704	-
Sport facilities	286 797	284 458
Motor vehicles	730 260	147 625
Intangible Assets	35 608	-
<b>Total Depreciation and Amortisation</b>	<b>2 280 522</b>	<b>1 260 260</b>

#### 19 REPAIRS AND MAINTANANCE

Repairs and Maintenance Buildings	1 457 880	114 940
Repairs and Maintenance Computer Equipment	4 518	-
Repairs and Maintenance Furniture and Equipment	24 067	946
Repairs and Maintenance Motor Vehicles	166 913	160 809
<b>Total Repairs and Maintenance</b>	<b>1 653 378</b>	<b>276 695</b>

#### 20 Contracted Services

IT Support	173 230	189 527
Security	1 061 840	413 874
Fire Services	1 124 719	-
Cleaning Services	30 160	-
Provincialisation Security (MPCC's)	-	203 800
	<b>2 389 949</b>	<b>807 200</b>

**21 GRANTS AND SUBSIDIES****21.1 GRANTS AND SUBSIDIES EXPENDITURE**

FMG	-	1 120 927
Sport	-	105 734
MSIG	-	796 376
Refuse removal	-	750 384
National Electrification Programme	-	11 386 000
Support for Thusong services	-	379 298
Provincial Security (MPCC's)	-	203 800
Provincialisation of Library	-	110 629
Community Library services	-	14 454
	-	-
		14 867 603
		14 867 603

**21.2 RECLASIFICATION OF GRANT EXPENDITURE**

The municipality reclassified all grant expenditure to other expenditure of their nature in financial year 2012/13, grant expenditure for financial year 2011/12 figures were restated

<b>21.2.1 FMG</b>		
Total		1 120 927
Reclassified to:		
Salaries and Wages		(336 312)
General expenses		(784 615)
<b>Net Effect on Surpluses</b>		-
<b>21.2.2 SPORT</b>		
Total 2011/12		105 734
Reclassified to:		
General Expenditure		(105 734)
<b>Net Effect on Surpluses</b>		-
<b>21.2.3 PROVINCIALISATION OF LIBRARY</b>		
Total 2011/12		110 629
Reclassified to:		
General Expenditure		(110 629)
<b>Net Effect on Surpluses</b>		-
<b>21.2.4 COMMUNITY LIBRARY SERVICES</b>		
Total 2011/12		14 454
Reclassified to:		
General Expenditure		(14 454)
<b>Net Effect on Surpluses</b>		-
<b>21.2.5 PROVINCIALISATION OF SECURITIES (MPCC's)</b>		
Total 2011/12		203 800
Reclassified to:		
Contracted Services		(203 800)
<b>Net Effect on Surpluses</b>		-
<b>21.2.6 SUPPORT FOR THUSONG CENTRES</b>		
Total 2011/12		379 298
Reclassified to:		
General Expenditure		(379 298)
<b>Net Effect on Surpluses</b>		-
<b>21.2.7 NATIONAL ELECTRIFICATION PROJECTS</b>		
Total 2011/12		11 386 000
Reclassified to:		
Community Projects		(11 386 000)
<b>Net Effect on Surpluses</b>		-
<b>21.2.8 MSIG</b>		
Total 2011/12		796 376
Reclassified to:		
General Expenses		(796 376)
<b>Net Effect on Surpluses</b>		-

**21.2.9 REFUSE REMOVAL**

Total 2011/12	750 384
Reclassified to:	
Salaries and Wages	-
General Expenditure	(750 384)
<b>Net Effect on Surpluses</b>	<b>-</b>

**22 COMMUNITY PROJECTS**

Moringa and Essential Oil Projects	1 117 982	-
National Electrification Programme	19 755 875	11 386 000
	<b>20 873 857</b>	<b>11 386 000</b>

**23 GENERAL EXPENSES**

Included in general expenses are the following:-

Advertising	42 561.56	35 375
Archive	8 442.92	5 731
Bad debts written off	-	396 890
Bank charges	30 848	24 689
Cemeteries Public Awareness	79 500	-
Cleaning	-	19 285
Community Engagement	1 015 548	810 554
Conferences and delegations	7 000	8 790
Electricity and water	173 759	57 313
External Audit fees	838 359	627 119
Free basic energy	841 636	745 717
Fuel and oil	621 728	364 257
Insurance	305 921	327 082
Insurance WC	190 842	-
Internal audit fees	403 905	458 913
LED Programmes	184 052	1 750
Legal expenses	45 263	22 605
Levies and membership fees	13 204	250
Licence fees	9 289	6 745
Municipal Systems	606 275	796 376
Pauper Burial	338 171	296 368
Postage	5 520	7 829
Printing and stationery	392 856	332 789
Professional fees	944 446	343 239
Publicity	174 376	101 071
Purchase of books	1 949	6 984
Refreshments	30 066	34 362
Refuse removal	1 277 152	750 384
Rent plant, vehicles and machinery	463 193	513 617
Salga agency fees	-	1 587
Skills development levy	-	83 043
Sports	478 781	105 734
Staff Bursaries	110 188	100 191
Stores & Material	59 644	45 577
Students support	61 000	57 927
Subsistence and travel allowance	906 625	620 627
Telephone cost	446 747	440 854
Training	115 025	119 743
UDM Rural Metro Shared services	-	964 113
Uniforms and protective clothing	23 625	16 173
Valuation roll	-	149 689
Ward Committes	357 914	-
Youth Council	222 700	-
General expense EPWP	388 396	-
General Expense FMG	1 021 603	784 615
Library Expenses	-	125 083
Support fo Thusong Centre		379 298

<b>13 238 109</b>	<b>11 090 341</b>
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**24 GAIN / (LOSS) ON SALE OF ASSETS**

Profit/ (Loss) on Sale of Assets

-	2 661 060
-	<b>2 661 060</b>

No assets were sold during the reported period.

Property, plant and equipment

**Proceeds**

Cost/ Revalued Amount

Less: Accumulated Depreciation

Carrying Amount

**Total Gain / (Loss) on Sale of Assets**

-	6 047 902
-	4 672 276
-	(1 285 434)
-	3 386 842
-	<b>2 661 060</b>

**25 CASH GENERATED BY OPERATIONS**

Surplus/(deficit) for the year

14 122 826 13 202 789

**Adjustment for:-**

Depreciation and amortisation

2 280 522 1 260 260

(Gain) / loss on sale of assets

- (2 661 060)

Contribution to provisions - current

323 926 1 145 297

Finance income

(1 232 153) (787 288)

Prior Year Adjustment

- 1 826 933

Other non-cash item

22 419 870 611

**Operating surplus before working capital changes:****15 517 541 14 857 543**

(Increase)/decrease in inventories

- -

(Increase)/decrease in consumer receivables

(434 818) 99 737

(Increase)/decrease in other receivables

(724 456) 77 873

(Increase)/decrease in VAT receivable

546 844 (357 880)

Increase/(decrease) in Unspent Conditional Grants

(62 018) 3 871 224

Increase/(decrease) in trade payables

1 248 092 (129 327)

Increase/(decrease) in consumer deposits

- -

Increase/(decrease) in VAT payable

- -

Other asset

- -

Other liability

- -

**Cash generated by/(utilised in) operations****16 091 184 18 419 169****26 CORRECTION OF ERROR**

During the year ended 30 June 2011 and previous years, Grant (NEP) was incorrectly recognised, The amount of VAT was not transferred to VAT vote. It was included in the amount of grant as the unspent portion : -

The comparative amount has been restated as follows:

Vat Amount

1 826 933

Net effect on surplus/(deficit) for the year

- 1 826 933

Decrease in Unspent Consistent Conditional Grants - NEP Grant

- 1 826 933

Increase in Vat Receivable

- (1 826 933)

Increase in Revenue

- (1 826 933)

Net effect on Accumulated surplus opening balance

- (1 826 933)

**27 IRREGULAR EXPENDITURE**

Reconciliation of irregular expenditure

Opening balance

- 54 800

irregular expenditure current year

- -

Condoned or written off by Council

- (54 800)

Transfer to receivables for recovery – not condoned

- -

Irregular expenditure awaiting condonement

- -

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT****28 EXTERNAL AUDIT FEES**

Previous Years Audit Fees

901 417 274 298

Current year audit fee

959 465 627 119

Amount paid - current year

(933 037) (627 119)

Amount paid - previous years

(901 417) (274 298)

**Balance unpaid (included in payables)****26 428 -**



## 29 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

## 30 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	2 189 921	2 046 655
Amount paid - current year	(2 189 921)	(2 046 655)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

## 31 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	1 824 246	1 704 903
Amount paid - current year	(1 824 246)	(1 704 903)
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

## 32 Councillor's arrear consumer accounts

No amounts were owed by Councillors at the end of the financial year

## 33 CAPITAL COMMITMENTS

### Commitments in respect of capital expenditure

#### - Approved and contracted for

	<b>9 973 798</b>	<b>406 427</b>
Infrastructure	-	406 427
Community	9 973 798	-
Heritage	-	-
Other	-	-

#### - Approved but not yet contracted for

	<b>3 438 202</b>	<b>5 935 823</b>
Infrastructure	-	5 935 823
Community	3 438 202	-
Heritage	-	-
Other	-	-

#### Total

<b>13 412 000</b>	<b>6 342 250</b>
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This expenditure will be financed from:

- External Loans
- Government Grants
- Own resources
- District Council Grants

13 412 000	6 342 250
-	-
<b>13 412 000</b>	<b>6 342 250</b>

## 34 OPERATING LEASE

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

### Operating leases - lessee

Within one year	415 642	420 840
In the second to fifth year inclusive	30 461	814 736
After five years	-	-
<b>Total</b>	<b>446 103</b>	<b>1 235 575</b>

Total future minimum sublease payment expected to be received under non-cancellable sublease

**35 CONTINGENT LIABILITY**

Claim for damages

Case between the Municipality and Mr XC Mzobe was still pending at financial year end .

The Case was won by the Municipality

-

223 035

**36 IN-KIND ASSISTANCE**

KZN Provincial Treasury and KZN Department of Cooperative Governance and Traditional Affairs supported the municipality by reviewing Annual Financial Statement for the financial year ended 30 June 2013, hours of the support were not quantified and the support has been ongoing.

NTAMBANANA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2013

	Cost / Revaluation				Sum of opening including Backlog depreciation	Accumulated Depreciation		Closing Balance	Carrying Value
	Opening Balance R	Additions R	Assets Written Off R	Under Construction R		Depreciation R	Assets Written Off R		
<b>Community Assets</b>									
Community Halls	20 182 917	-	-	9 577 830	29 760 747	(511 074)	(487 704)	(998 777)	28 761 970
Sports Grounds	12 003 564	-	-	2 204 510	14 208 074	(759 775)	(286 797)	(1 046 572)	13 161 502
	<b>32 186 481</b>	<b>-</b>	<b>-</b>	<b>11 782 340</b>	<b>43 968 822 #</b>	<b>(1 270 849)</b>	<b>(774 501)</b>	<b>(2 045 350)</b>	<b>41 923 472</b>
<b>Other assets</b>									
Land and Buildings	3 056 707	183 825	-		3 240 532	(861 473)	(88 282)	(949 755)	2 290 777
Furniture and fittings	2 846 846	643 445	(17 494)	-	3 472 797	(1 466 222)	(433 728)	16 212	1 589 059
Office equipment	1 244 468	150 361	(125 817)	-	1 269 012	(727 895)	(218 142)	104 679	427 654
Motor vehicles	2 703 825	1 226 537	-	-	3 930 362	(93 227)	(730 260)	-	3 106 876
	<b>9 851 846</b>	<b>2 204 168</b>	<b>(143 310)</b>	<b>-</b>	<b>11 912 703 #</b>	<b>(3 148 816)</b>	<b>(1 470 413)</b>	<b>120 891</b>	<b>7 414 366</b>
<b>Total carried forward</b>	<b>42 038 328</b>	<b>2 204 168</b>	<b>(143 310)</b>	<b>11 782 340</b>	<b>55 881 525 #</b>	<b>(4 419 665)</b>	<b>(2 244 914)</b>	<b>120 891</b>	<b>49 337 838</b>

**NTAMBANANA MUNICIPALITY**  
**APPENDIX B**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	42 038 328	2 204 168	-	11 782 340	56 024 835	(4 419 665)	(2 244 914)	-	(6 664 579)	49 360 257
Finance & Admin										
Planning & Development										
Health										
Community & Social Services										
Public Safety										
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport										
Water										
Electricity										
Other										
<b>Total</b>	<b>42 038 328</b>	<b>2 204 168</b>	<b>-</b>	<b>11 782 340</b>	<b>56 024 835</b>	<b>(4 419 665)</b>	<b>(2 244 914)</b>	<b>-</b>	<b>(6 664 579)</b>	<b>49 360 257</b>

**NTAMBANANA MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the period ended 30 June 2013

**APPENDIX C**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the period ended 30 June 2013

<b>R</b> <b>2013</b> <b>Actual Income</b> <b>R</b>	<b>R</b> <b>2013</b> <b>Actual</b> <b>Expenditure</b> <b>R</b>	<b>R</b> <b>2013</b> <b>Surplus / (Deficit)</b> <b>R</b>		<b>R</b> <b>2012</b> <b>Actual Income</b> <b>R</b>	<b>R</b> <b>2012</b> <b>Actual</b> <b>Expenditure</b> <b>R</b>	<b>R</b> <b>2012</b> <b>Surplus /</b> <b>(Deficit)</b> <b>R</b>
	31 669 498	(31 669 498)	Executive & Council		26 754 130	(26 754 130)
67 746 641	5 989 127	61 757 515	Finance & Admin	50 193 236	3 233 254	46 959 982
	9 094 701	(9 094 701)	Corporate & community services		6 442 316	(6 442 316)
		-	Health		532 159	(532 159)
	7 179 406	(7 179 406)	Planning and development			-
<b>67 746 641</b>	<b>53 932 731</b>	<b>13 813 910</b>		<b>50 193 236</b>	<b>36 961 859</b>	<b>13 231 377</b>
			Less: Inter-Department Charges			
<b>67 746 641</b>	<b>53 932 731</b>	<b>13 813 910</b>	<b>Total</b>	<b>50 193 236</b>	<b>36 961 859</b>	<b>13 231 377</b>

NTAMBANANA LOCAL MUNICIPALITY

APPENDIX D

GRANT REGISTER FOR THE PERIOD ENDED 30 JUNE 2013

as at 31 June 2013

	R	R	R	R
DESCRIPTION	OPENING BALANCE	RECEIPTS	PAYMENTS	CLOSING BALANCE
Refuse Removal	5 229 386	6 041 000	(3 135 843)	8 134 543
Integrated Electrification Programme Grant	6 912 257	20 000 000	(23 548 307)	3 363 950
Municipal Infrastructure Grant	98 146	12 364 000	(13 216 386)	(754 240)
Municipal Systems Improvement Grant	-	800 000	(844 606)	(44 606)
Financial Management Grant	-	1 500 000	(1 532 533)	(32 533)
Provincialisation of Libraries Grant	87 713	245 000	(345 965)	(13 252)
Infrastructure - Sport Facilities Grant	28 069	150 000	(178 069)	-
Community Library Services Grant	70 547	90 000	(100 914)	59 633
Expanded Public Works Programme Grant	-	1 000 000	(993 137)	6 863
Support for Thusong Centres	117 013	-	(117 013)	-
Security for MPCC's	434 668	-	(434 668)	-
Housing Grant	87 928	-	-	87 928
Corridor Development - Essential Oil	-	1 400 000	(1 055 044)	344 956
Corridor Development - Moringa	-	1 600 000	(69 175)	1 530 825
<b>Total</b>	<b>13 065 727</b>	<b>45 190 000</b>	<b>(45 571 659)</b>	<b>12 684 068</b>